

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 NEA-10 IO-10 ISO-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

FEA-01 AF-06 ARA-06 /132 W
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FM USMISSION GENEVA

TO SECSTATE WASHDC 5925

INFO AMEMBASSY ANKARA

AMEMBASSY BONN

AMEMBASSY BRAZILIA

USMISSION EC BRUSSELS

AMEMBASSY BUCHAREST

AMEMBASSY CANBERRA

AMEMBASSY HONG KONG

AMEMBASSY KUALA LUMPUR

AMEMBASSY LONDON

AMEMBASSY MANILA

AMEMBASSY NEW DELHI

AMEMBASSY PARIS

AMEMBASSY SEOUL

AMEMBASSY SINGAPORE

AMEMBASSY STOCKHOLM

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TOKYO PLEASE PASS MICHAEL SMITH AND TEXTILE DEL

EO: 11652: N/A

TAGS: GATT ETRD

SUBJ: TEXTILES SURVEILLANCE BODY - SEPT 15-20 SESSION

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1. THIS SESSION DEVOTED ALMOST ENTIRELY TO HEARING AND DEBATING

EVIDENCE, BOTH ORAL AND WRITTEN, SUBMITTED BY AUSTRALIAN, SINGAPORE AND PHILIPPINE DELS IN AUSTRALIAN ART 3 ACTION CONTESTED BY LATTER TWO COUNTRIES. TSB COULD NOT ACHIEVE CONSENSUS ON CENTRAL ISSUE WHICH WAS WHETHER EVIDENCE MARKET DISRUPTION PRESENTED BY AUSDEL ADEQUATE JUSTIFY ART 3:3 ACTION TAKEN. AUSTRALIAN CASE WAS BASED ENTIRELY ON "CULULATIVE" CONCEPT OF MARKET DISRUPTION AND, THUS, INVOLVED INTERPRETATION ANNEX A OF ARRANGEMENT. AFTER FRUSTRATING, OFTEN HEATED, DEBATE, TSB REACHED CONSENSUS PARTIES TO DISPUTE SHOULD RESUME NEGOTIATIONS PAYING SPECIAL HEED "TO PROVISIONS ANNEX A AND ART 6 OF ARRANGEMENT". THIS ACCEPTED BY PARTIES CONCERNED WITH RESULTS TO BE REPORTED BACK TO TSB BY OCT 30.

2. EVEN WHEN CONSIDERED IN LIGHT OF "CUMULATIVE CONCEPT", LEVELS AT WHICH AUSTRALIA IMPOSED RESTRAINTS WERE SO LOW AS TO PROVOKE INDIAN MEMBER (AMB CHADHA) TO ACCUSE AUSTRALIA OF CONTEMPT FOR ART 6, IN CHISH ACCUSATION, HE WAS JOINED BY DORWARD (HONG KONG) DE CARVALHO (BRAZIL) WITH SOME EQUIVOCAL SUPPORT FROM MIZOGUCHI (JAPAN). DORWARD MADE LENGTHY SPEECH PROPOSING TSB REJECT AUSTRALIA'S CLAIM OF MARKET DISRUPTION ON GROUNDS THAT ANNEX A MADE NO PROVISION FOR JUSTIFYING RESTRAINTS ON EITHER "CUMULATIVE CONCEPT" OR ON EQUITY PROVISIONS IN BILATERALS WITH THIRD COUNTRIES. AFTER HE HAD BEEN SUPPORTED BY OTHER EXPORTING COUNTRY REPS, IT BECAME CLEAR THERE WAS NO WAY AVOIDING CONFRONTATION ON "CUMULATIVE CONCEPT" ISSUE. FROM EARLIEST TSB DISCUSSIONS THIS ISSUE, IT WAS RECOGNIZED AS AN EXPLOSIVE PROBLEM AND POTENTIALLY DISRUPTIVE IN TERMS OF THE TSB AND THE ARRANGEMENT. ACCORDINGLY, MOST MEMBERS OF THE BODY, WHILE NOT FAILING TO MAKE THEIR POSITION KNOWN AS APPROPRIATE, HAD SUBSEQUENTLY TREATED THE ISSUE WITH GREAT CAUTION. THE INSTANT AUSTRALIAN CASE, BEING A RELATIVELY WEAK ONE, COUPLED WITH AUSTRALIA'S QUESTIONABLE TARIFF QUOTA ACTIONS IN THE PAST, PROBABLY MADE THE CONFRONTATION INEVITABLE.

3. WHEN IT BECAME CLEAR THAT THE EXPORTING COUNTRY REPS WERE TRYING TO DESTROY THE "CUMULATIVE CONCEPT" INDIRECTLY THROUGH ATTACKS ON AUSTRALIA'S EVIDENCE, US, EC AND CANADIAN REPS, ALL OF WHICH HAVE CONSISTENTLY ARGUED THE VALIDITY OF THE CUMULATIVE CONCEPT, CONSULTED AND AGREED TO MAKE CLEAR IN COMMON TO BODY THEIR VIEW; A) THAT AUSTRALIAN EVIDENCE WAS NOT PER SE INVALID, AND, THEREFORE, THAT CONSENSUS THAT THE EXPORTING COUNTRY REPS WERE LIMITED OFFICIAL USE

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CALLING FOR COULD NOT BE ACHIEVED. U.S. REP, IN PARALLEL WITH EC AND CANADIAN REPS, THEN URGED THAT BODY TRY ACHIEVE AND REPORT CONSENSUS ON NEED FOR PARTIES TO DISPUTE TO RESUME NEGOTIATIONS PAYING PARTICULAR ATTENTION TO "ANNEX A AND ART 6", THE LATTER LANGUAGE TO EXERT SOME TOLERABLE PRESSURE ON AUSTRALIA. U.S., EC AND CANADIAN REPS MET PRIVATELY IN EVENING AFTER SEPT. 19 SESSION WITH AUSTRALIAN REPS AND INFORMED LATTER IN CLEAREST TERMS; A) THAT THEY HAD NOT WISHED TO DEFEND AUSTRALIAN ACTION BUT HAD BEEN FORC-

ED TO CONFRONTATION ON AN ISSUE IMPORTANT TO ALL IMPORTING COUNTRIES BY THAT ACTION; B) THAT THEY SHOULD RESUME NEGOTIATIONS AND TRY TO DO BETTER AND THAT IF THEY WERE UNABLE TO DO SO AND THE MATTER WAS RETURNED TO THE TSB THEY COULD NOT EXPECT A REPEAT PERFORMANCE BY U.S., EC AND CANADA WHICH, IF FORCED AGAIN TO DEFEND THE CUMULATIVE CONCEPT, WOULD CHOOSE A BETTER CASE ON WHICH TO MAKE A STAND. AUSTRALIANS INDICATED UNDERSTANDING AND SAID THEY "THOUGHT" THEY COULD DO BETTER IN THE NEXT CONSULTATIONS. ON SEPT 20TH, CHAIRMAN WURTH WAS ABLE TO OBTAIN CONCURRENCE OF AUSTRALIA, PHILIPPINES AND SINGAPORE DELS TO TSB CONSENSUS.

4. TSB THIS SESSION, AFTER SOME MONTHS CONSIDERATION OF CASE OCCASIONED BY NUMEROUS TSB REQUESTS FOR ADDITIONAL DATA FROM SWEDEN, AGREED TRANSMIT TO TC SWEDEN'S BILATERAL AGREEMENTS WITH PAKISTAN (ART 3), INDIA, MALAYSIA AND SINGAPORE (ALL ART 4). MINUTES OF THIS SESSION WILL, HOWEVER, SHOW TSB CONSIDERS THAT AGREEMENTS, IN SEVERAL RESPECTS, ARE NOT TOTALLY CONSONANT WITH RELEVANT PROVISIONS OF THE ARRANGEMENT.

5. U.S. AGREEMENTS WITH ROMANIA, MALAYSIA, KOREA, SINGAPORE WERE ALSO CONSIDERED AND, WITH A FEW ROUTINE QUESTIONS ANSWERED BY U.S. REP, WERE APPROVED BY ALL MEMBERS EXCEPT EC. AT CONCLUSION DISCUSSION, EC REP STATED THAT EC MEMBER STATES, DUE AUGUST HOLIDAYS, HAD NOT HAD TIME TO STUDY U.S. AGREEMENTS AND REQUESTED THAT TRANSMITTAL TO TC BE DEFERRED TO NEXT SESSION OR EARLIER IF HE OBTAINED CLEARANCE. U.S. REP, AFTER EXPRESSING DISAPPOINTMENT THAT CONSIDERATION COULD NOT BE CONCLUDED THIS SESSION, MADE A FEW IRREVERENT REMARKS REGARDING THE SANCTITY OF AUGUST HOLIDAYS IN EUROPE AND EXPRESSED HOPE THAT EC REP WOULD BE IN POSITION CLEAR TRANSMITTAL BEFORE OCT 6 SESSION. CHAIRMAN WURTH ALSO HAD SOME CAUSTIC COMMENT ON EC INABILITY TO CLEAR. EC REP KLARIC TOLD U.S. REP PRIVATELY THAT INABILITY TO CLEAR STEMMED FROM BRUSSELS' (MEYNELL'S) FEAR THAT CLEARANCE U.S. - KOREA AGREEMENT WOULD LIMITED OFFICIAL USE

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SERIOUSLY WEAKEN EC POSITION IN BILATERAL NEGOTIATIONS WITH KOREA WHICH WERE THEN AND STILL ARE) IN CRITICAL PHASE. KLARIC BELIEVED THERE WOULD BE NO PROBLEMS OF SUBSTANCE TO BE RAISED LATER BY EC REGARDING THESE BILATERALS.

6. SCHISM WITHIN BODY ON "CUMULATIVE CONCEPT" MARKET DISRUPTION IS NOW A SERIOUS PROBLEM AND SO RECOGNIZED BY ALL MEMBERS. CHAIRMAN WURTH IS MUCH CONCERNED AND IS PLANNING HOLD INDIVIDUAL CONSULTATIONS WITH MEMBERS WEEK OF SEPT 29 TO TRY FIND SOME WAY SWEEP ISSUE BACK UNDER CARPET. UNLESS INSTRUCTED TO CONTRARY, US REP WILL NOT YIELD ON OUR POSITION ON THIS QUESTION WHICH IS AND HAS ALWAYS BEEN ESSENTIAL ELEMENT IN OUR TEXTILE POLICY AS IT HAS BEEN ALSO IN CANADA, EC, NORDIC AND AUSTRIAN POLICIES. WILL REPORT PROMPTLY THRUST OF DISCUSSIONS WITH CHAIRMAN AND OTHER MEMBERS AND SEEK INSTRUCTIONS AS MAY BE APPROPRIATE.

7. NEW TURKISH (MR. MASER) REP WAS SEATED IN TRI-PARTITE SEAT
THIS SESSION. DID NOT INTERVENE FIRST TWO DAYS BUT ON THIRD DAY
MADE SHORT INTERVENTION ON SUBJECT OF KNITTING MACHINERY APROPOS
US REP KNOWS NOT WHAT. WILL TRY ASSIST IN HIS EDUCATION WHENEVER
APPROPRIATE.DALE

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